

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HOUSE BILL 2874

AN ACT

AMENDING SECTIONS 15-185, 15-703, 15-901, 15-901.02, 15-901.03, 15-910.03, 15-915, 15-941, 15-943 AND 15-945, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH TWELFTH GRADE EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue
43 control limit and district support level as provided in section 15-948.

1 5. A school district that sponsors a charter school is not eligible to
2 include the charter school pupils in its student count for the purpose of
3 computing an increase in its capital outlay revenue limit as provided in
4 section 15-961, subsection C, except that if the charter school was
5 previously a school in the district, the district may include in its student
6 count any charter school pupils who were enrolled in the school district in
7 the prior year.

8 6. A school district that sponsors a charter school is not eligible to
9 include the charter school pupils in its student count for the purpose of
10 computing the revenue control limit which is used to determine the maximum
11 budget increase as provided in chapter 4, article 4 of this title unless the
12 charter school is located within the boundaries of the school district.

13 7. If a school district converts one or more of its district public
14 schools to a charter school and receives assistance as prescribed in
15 subsection B, paragraph 4 of this section, and subsequently converts the
16 charter school back to a district public school, the school district shall
17 repay the state the total additional assistance received for the charter
18 school for all years that the charter school was in operation. The repayment
19 shall be in one lump sum and shall be reduced from the school district's
20 current year equalization assistance. The school district's general budget
21 limit shall be reduced by the same lump sum amount in the current year.

22 B. Financial provisions for a charter school that is sponsored by the
23 state board of education or the state board for charter schools are as
24 follows:

25 1. The charter school shall calculate a base support level as
26 prescribed in section 15-943, except that sections 15-941 and 15-942 do not
27 apply to these charter schools.

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, or the adjusted
34 average daily membership, as prescribed in section 15-902, of the charter
35 school. Before the one hundredth day or two hundredth day in session, as
36 applicable, the state board of education or the state board for charter
37 schools may require a charter school to report periodically regarding pupil
38 enrollment and attendance and the department of education may revise its
39 computation of equalization assistance based on the report. A charter school
40 shall revise its student count, base support level and additional assistance
41 before May 15. A charter school that overestimated its student count shall
42 revise its budget before May 15. A charter school that underestimated its
43 student count may revise its budget before May 15.

1 3. A charter school may utilize section 15-855 for the purposes of
2 this section. The charter school and the department of education shall
3 prescribe procedures for determining average daily attendance and average
4 daily membership.

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is one thousand three hundred ~~thirty~~
8 ~~EIGHTY-SEVEN~~ dollars ~~five~~ TWENTY-FIVE cents per student count in kindergarten
9 programs and grades one through eight and one thousand ~~five~~ SIX hundred ~~fifty~~
10 ~~SIXTEEN~~ dollars ~~fourteen~~ EIGHTY-ONE cents per student count in grades nine
11 through twelve.

12 5. The state board of education shall apportion state aid from the
13 appropriations made for such purposes to the state treasurer for disbursement
14 to the charter schools in each county in an amount as determined by this
15 paragraph. The apportionments shall be made in twelve equal installments of
16 the total amount to be apportioned during the fiscal year on the fifteenth
17 day of each month of the fiscal year.

18 6. Notwithstanding paragraph 5 of this subsection, if sufficient
19 appropriated monies are available after the first forty days in session of
20 the current year, a charter school may request additional state monies to
21 fund the increased state aid due to anticipated student growth through the
22 first one hundred days or two hundred days in session, as applicable, of the
23 current year as provided in section 15-948. In no event shall a charter
24 school have received more than three-fourths of its total apportionment
25 before April 15 of the fiscal year. Early payments pursuant to this
26 subsection must be approved by the state treasurer, the director of the
27 department of administration and the superintendent of public instruction.

28 7. The charter school shall not charge tuition, levy taxes or issue
29 bonds.

30 8. Not later than noon on the day preceding each apportionment date
31 established by paragraph 5 of this subsection, the superintendent of public
32 instruction shall furnish to the state treasurer an abstract of the
33 apportionment and shall certify the apportionment to the department of
34 administration, which shall draw its warrant in favor of the charter schools
35 for the amount apportioned.

36 C. If a pupil is enrolled in both a charter school and a public school
37 that is not a charter school, the sum of the daily membership, which includes
38 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
39 subdivisions (a) and (b) and daily attendance as prescribed in section
40 15-901, subsection A, paragraph 6, for that pupil in the school district and
41 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
42 charter school and a public school that is not a charter school, the
43 department of education shall direct the average daily membership to the
44 school with the most recent enrollment date. Upon validation of actual
45 enrollment in both a charter school and a public school that is not a charter

1 school and if the sum of the daily membership or daily attendance for that
2 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
3 apportioned between the public school and the charter school based on the
4 percentage of total time that the pupil is enrolled or in attendance in the
5 public school and the charter school. The uniform system of financial
6 records shall include guidelines for the apportionment of the pupil
7 enrollment and attendance as provided in this section.

8 D. Charter schools are allowed to accept grants and gifts to
9 supplement their state funding, but it is not the intent of the charter
10 school law to require taxpayers to pay twice to educate the same pupils. The
11 base support level for a charter school or for a school district sponsoring a
12 charter school shall be reduced by an amount equal to the total amount of
13 monies received by a charter school from a federal or state agency if the
14 federal or state monies are intended for the basic maintenance and operations
15 of the school. The superintendent of public instruction shall estimate the
16 amount of the reduction for the budget year and shall revise the reduction to
17 reflect the actual amount before May 15 of the current year. If the
18 reduction results in a negative amount, the negative amount shall be used in
19 computing all budget limits and equalization assistance, except that:

20 1. Equalization assistance shall not be less than zero.

21 2. For a charter school sponsored by the state board of education or
22 the state board for charter schools, the total of the base support level, the
23 capital outlay revenue limit, the soft capital allocation and the additional
24 assistance shall not be less than zero.

25 3. For a charter school sponsored by a school district, the base
26 support level for the school district shall not be reduced by more than the
27 amount that the charter school increased the district's base support level,
28 capital outlay revenue limit and soft capital allocation.

29 E. If a charter school was a district public school in the prior year
30 and is now being operated for or by the same school district and sponsored by
31 the state board of education, the state board for charter schools or a school
32 district governing board, the reduction in subsection D of this section
33 applies. The reduction to the base support level of the charter school or
34 the sponsoring district of the charter school shall equal the sum of the base
35 support level and the additional assistance received in the current year for
36 those pupils who were enrolled in the traditional public school in the prior
37 year and are now enrolled in the charter school in the current year.

38 F. Equalization assistance for charter schools shall be provided as a
39 single amount based on average daily membership without categorical
40 distinctions between maintenance and operations or capital.

41 G. At the request of a charter school, the county school
42 superintendent of the county where the charter school is located may provide
43 the same educational services to the charter school as prescribed in section
44 15-308, subsection A. The county school superintendent may charge a fee to
45 recover costs for providing educational services to charter schools.

1 H. If the sponsor of the charter school determines at a public meeting
2 that the charter school is not in compliance with federal law, with the laws
3 of this state or with its charter, the sponsor of a charter school may submit
4 a request to the department of education to withhold up to ten per cent of
5 the monthly apportionment of state aid that would otherwise be due the
6 charter school. The department of education shall adjust the charter
7 school's apportionment accordingly. The sponsor shall provide written notice
8 to the charter school at least seventy-two hours before the meeting and shall
9 allow the charter school to respond to the allegations of noncompliance at
10 the meeting before the sponsor makes a final determination to notify the
11 department of education of noncompliance. The charter school shall submit a
12 corrective action plan to the sponsor on a date specified by the sponsor at
13 the meeting. The corrective action plan shall be designed to correct
14 deficiencies at the charter school and to ensure that the charter school
15 promptly returns to compliance. When the sponsor determines that the charter
16 school is in compliance, the department of education shall restore the full
17 amount of state aid payments to the charter school.

18 I. A charter school may receive and spend monies distributed by the
19 department of education pursuant to section 42-5029, subsection E and section
20 37-521, subsection B.

21 J. For the purposes of this section:

22 1. "Monies intended for the basic maintenance and operations of the
23 school" means monies intended to provide support for the educational program
24 of the school, except that it does not include supplemental assistance for a
25 specific purpose or P.L. 81-874 monies. The auditor general shall determine
26 which federal or state monies meet the definition in this paragraph.

27 2. "Operated for or by the same school district" means the charter
28 school is either governed by the same district governing board or operated by
29 the district in the same manner as other traditional schools in the district
30 or is operated by an independent party that has a contract with the school
31 district. The auditor general and the department of education shall
32 determine which charter schools meet the definition in this subsection.

33 Sec. 2. Section 15-703, Arizona Revised Statutes, is amended to read:

34 15-703. Kindergarten programs and special departments; special
35 teachers

36 A. The governing board may:

37 1. Establish departments of industrial arts and consumer education and
38 homemaking.

39 2. Employ special teachers in special subjects.

40 B. Each common school district or unified school district shall
41 establish a kindergarten program, unless the governing board of such common
42 school district or unified school district files an exemption claim with the
43 department of education. A district is exempt from establishing a
44 kindergarten program if it files with the department of education an
45 exemption claim which states that the establishment of a kindergarten program

1 will interfere with the work of, or maintenance of efficiency in, the grades
2 and that a kindergarten program is not in the best interests of the
3 district. Each school district that establishes a kindergarten program shall
4 offer half-day kindergarten programs that provide ~~instruction that is aligned~~
5 ~~with~~ **ACADEMICALLY MEANINGFUL INSTRUCTION IN EACH OF** the academic standards
6 adopted by the state board of education. A school district that establishes
7 a full-day kindergarten program shall allow each parent of a kindergarten
8 pupil to choose either half-day kindergarten instruction or full-day
9 kindergarten instruction.

10 C. For the purpose of maintaining a kindergarten program a common
11 school district or unified school district governing board may lease such
12 buildings as may be necessary as provided by law.

13 Sec. 3. Section 15-901, Arizona Revised Statutes, is amended to read:

14 **15-901. Definitions**

15 A. In this title, unless the context otherwise requires:

16 1. "Average daily attendance" or "ADA" means actual average daily
17 attendance through the first one hundred days or two hundred days in session,
18 as applicable.

19 2. "Average daily membership" means the total enrollment of fractional
20 students and full-time students, minus withdrawals, of each school day
21 through the first one hundred days or two hundred days in session, as
22 applicable, for the current year. Withdrawals include students formally
23 withdrawn from schools and students absent for ten consecutive school days,
24 except for excused absences as identified by the department of education.
25 For computation purposes, the effective date of withdrawal shall be
26 retroactive to the last day of actual attendance of the student.

27 (a) "Fractional student" means:

28 (i) For common schools, until fiscal year 2001-2002, a preschool child
29 who is enrolled in a program for preschool children with disabilities of at
30 least three hundred sixty minutes each week or a kindergarten student at
31 least five years of age prior to January 1 of the school year and enrolled in
32 a school kindergarten program that meets at least three hundred forty-six
33 instructional hours during the minimum number of days required in a school
34 year as provided in section 15-341. In fiscal year 2001-2002, the
35 kindergarten program shall meet at least three hundred forty-eight hours. In
36 fiscal year 2002-2003, the kindergarten program shall meet at least three
37 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
38 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
39 the kindergarten program shall meet at least three hundred fifty-four hours.
40 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
41 program shall meet at least three hundred fifty-six hours. Lunch periods and
42 recess periods may not be included as part of the instructional hours unless
43 the child's individualized education program requires instruction during
44 those periods and the specific reasons for such instruction are fully
45 documented. In computing the average daily membership, preschool children

1 with disabilities and kindergarten students shall be counted as one-half of a
2 full-time student. For common schools, a part-time student is a student
3 enrolled for less than the total time for a full-time student as defined in
4 this section. A part-time common school student shall be counted as
5 one-fourth, one-half or three-fourths of a full-time student if the student
6 is enrolled in an instructional program that is at least one-fourth, one-half
7 or three-fourths of the time a full-time student is enrolled as defined in
8 subdivision (b) of this paragraph.

9 (ii) For high schools, a part-time student who is enrolled in less
10 than four subjects that count toward graduation as defined by the state board
11 of education in a recognized high school and who is taught in less than
12 twenty instructional hours per week prorated for any week with fewer than
13 five school days. A part-time high school student shall be counted as
14 one-fourth, one-half or three-fourths of a full-time student if the student
15 is enrolled in an instructional program that is at least one-fourth, one-half
16 or three-fourths of a full-time instructional program as defined in
17 subdivision (c) of this paragraph.

18 (b) "Full-time student" means:

19 (i) For common schools, a student who is at least six years of age
20 prior to January 1 of a school year, who has not graduated from the highest
21 grade taught in the school district and who is regularly enrolled in a course
22 of study required by the state board of education. Until fiscal year
23 2001-2002, first, second and third grade students, ungraded students at least
24 six, but under nine, years of age by September 1 or ungraded group B children
25 with disabilities who are at least five, but under six, years of age by
26 September 1 must be enrolled in an instructional program that meets for a
27 total of at least six hundred ninety-two hours during the minimum number of
28 days required in a school year as provided in section 15-341. In fiscal year
29 2001-2002, the program shall meet at least six hundred ninety-six hours. In
30 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
31 In fiscal year 2003-2004, the program shall meet at least seven hundred four
32 hours. In fiscal year 2004-2005, the program shall meet at least seven
33 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
34 thereafter, the program shall meet at least seven hundred twelve hours.
35 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
36 ungraded students at least nine, but under twelve, years of age by September
37 1 must be enrolled in an instructional program that meets for a total of at
38 least eight hundred sixty-five hours during the minimum number of school days
39 required in a school year as provided in section 15-341. In fiscal year
40 2001-2002, the program shall meet at least eight hundred seventy hours. In
41 fiscal year 2002-2003, the program shall meet at least eight hundred
42 seventy-five hours. In fiscal year 2003-2004, the program shall meet at
43 least eight hundred eighty hours. In fiscal year 2004-2005, the program
44 shall meet at least eight hundred eighty-five hours. In fiscal year
45 2005-2006 and each fiscal year thereafter, the program shall meet at least

1 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth
2 grade students or ungraded students at least twelve, but under fourteen,
3 years of age by September 1 must be enrolled in an instructional program that
4 meets for a total of at least one thousand thirty-eight hours during the
5 minimum number of days required in a school year as provided in section
6 15-341. In fiscal year 2001-2002, the program shall meet at least one
7 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet
8 at least one thousand fifty hours. In fiscal year 2003-2004, the program
9 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,
10 the program shall meet at least one thousand sixty-two hours. In fiscal year
11 2005-2006 and each fiscal year thereafter, the program shall meet at least
12 one thousand sixty-eight hours. Lunch periods and recess periods may not be
13 included as part of the instructional hours unless the student is a child
14 with a disability and the child's individualized education program requires
15 instruction during those periods and the specific reasons for such
16 instruction are fully documented.

17 (ii) For high schools, a student not graduated from the highest grade
18 taught in the school district, or an ungraded student at least fourteen years
19 of age by September 1, and enrolled in at least a full-time instructional
20 program of subjects that count toward graduation as defined by the state
21 board of education in a recognized high school. A full-time student shall
22 not be counted more than once for computation of average daily membership.

23 (iii) For homebound or hospitalized, a student receiving at least four
24 hours of instruction per week.

25 (c) "Full-time instructional program" means:

26 (i) Through fiscal year 2000-2001, at least four subjects, each of
27 which, if taught each school day for the minimum number of days required in a
28 school year, would meet a minimum of one hundred twenty hours a year, or the
29 equivalent, or one or more subjects taught in amounts of time totaling at
30 least twenty hours per week prorated for any week with fewer than five school
31 days.

32 (ii) For fiscal year 2001-2002, an instructional program that meets at
33 least a total of seven hundred four hours during the minimum number of days
34 required and includes at least four subjects each of which, if taught each
35 school day for the minimum number of days required in a school year, would
36 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
37 one or more subjects taught in amounts of time totaling at least twenty hours
38 per week prorated for any week with fewer than five school days.

39 (iii) For fiscal year 2002-2003, an instructional program that meets
40 at least a total of seven hundred eight hours during the minimum number of
41 days required and includes at least four subjects each of which, if taught
42 each school day for the minimum number of days required in a school year,
43 would meet a minimum of one hundred twenty-two hours a year, or the
44 equivalent, or one or more subjects taught in amounts of time totaling at

1 least twenty hours per week prorated for any week with fewer than five school
2 days.

3 (iv) For fiscal year 2003-2004, an instructional program that meets at
4 least a total of seven hundred twelve hours during the minimum number of days
5 required and includes at least four subjects each of which, if taught each
6 school day for the minimum number of days required in a school year, would
7 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
8 or one or more subjects taught in amounts of time totaling at least twenty
9 hours per week prorated for any week with fewer than five school days.

10 (v) For fiscal year 2004-2005, an instructional program that meets at
11 least a total of seven hundred sixteen hours during the minimum number of
12 days required and includes at least four subjects each of which, if taught
13 each school day for the minimum number of days required in a school year,
14 would meet a minimum of one hundred twenty-three hours a year, or the
15 equivalent, or one or more subjects taught in amounts of time totaling at
16 least twenty hours per week prorated for any week with fewer than five school
17 days.

18 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
19 instructional program that meets at least a total of seven hundred twenty
20 hours during the minimum number of days required and includes at least four
21 subjects each of which, if taught each school day for the minimum number of
22 days required in a school year, would meet a minimum of one hundred
23 twenty-three hours a year, or the equivalent, or one or more subjects taught
24 in amounts of time totaling at least twenty hours per week prorated for any
25 week with fewer than five school days.

26 3. "Budget year" means the fiscal year for which the school district
27 is budgeting and which immediately follows the current year.

28 4. "Common school district" means a political subdivision of this
29 state offering instruction to students in programs for preschool children
30 with disabilities and kindergarten programs and grades one through eight.

31 5. "Current year" means the fiscal year in which a school district is
32 operating.

33 6. "Daily attendance" means:

34 (a) For common schools, days in which a pupil:

35 (i) Of a kindergarten program or ungraded, but not group B children
36 with disabilities, and at least five, but under six, years of age by
37 September 1 attends at least three-quarters of the instructional time
38 scheduled for the day. If the total instruction time scheduled for the year
39 is at least three hundred forty-six hours but is less than six hundred
40 ninety-two hours such attendance shall be counted as one-half day of
41 attendance. If the instructional time scheduled for the year is at least six
42 hundred ninety-two hours, "daily attendance" means days in which a pupil
43 attends at least one-half of the instructional time scheduled for the day.
44 Such attendance shall be counted as one-half day of attendance.

1 (ii) Of the first, second or third grades, ungraded and at least six,
2 but under nine, years of age by September 1 or ungraded group B children with
3 disabilities and at least five, but under six, years of age by September 1
4 attends more than three-quarters of the instructional time scheduled for the
5 day.

6 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
7 nine, but under twelve, years of age by September 1 attends more than
8 three-quarters of the instructional time scheduled for the day, except as
9 provided in section 15-797.

10 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
11 but under fourteen, years of age by September 1 attends more than
12 three-quarters of the instructional time scheduled for the day, except as
13 provided in section 15-797.

14 (b) For common schools, the attendance of a pupil at three-quarters or
15 less of the instructional time scheduled for the day shall be counted as
16 follows, except as provided in section 15-797 and except that attendance for
17 a fractional student shall not exceed the pupil's fractional membership:

18 (i) If attendance for all pupils in the school is based on quarter
19 days, the attendance of a pupil shall be counted as one-fourth of a day's
20 attendance for each one-fourth of full-time instructional time attended.

21 (ii) If attendance for all pupils in the school is based on half days,
22 the attendance of at least three-quarters of the instructional time scheduled
23 for the day shall be counted as a full day's attendance and attendance at a
24 minimum of one-half but less than three-quarters of the instructional time
25 scheduled for the day equals one-half day of attendance.

26 (c) For common schools, the attendance of a preschool child with
27 disabilities shall be counted as one-fourth day's attendance for each
28 thirty-six minutes of attendance not including lunch periods and recess
29 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
30 subsection for children with disabilities up to a maximum of three hundred
31 sixty minutes each week.

32 (d) For high schools or ungraded schools in which the pupil is at
33 least fourteen years of age by September 1, the attendance of a pupil shall
34 not be counted as a full day unless the pupil is actually and physically in
35 attendance and enrolled in and carrying four subjects, each of which, if
36 taught each school day for the minimum number of days required in a school
37 year, would meet a minimum of one hundred twenty hours a year, or the
38 equivalent, that count toward graduation in a recognized high school except
39 as provided in section 15-797 and subdivision (e) of this paragraph.
40 Attendance of a pupil carrying less than the load prescribed shall be
41 prorated.

42 (e) For high schools or ungraded schools in which the pupil is at
43 least fourteen years of age by September 1, the attendance of a pupil may be
44 counted as one-fourth of a day's attendance for each sixty minutes of
45 instructional time in a subject that counts toward graduation, except that

1 attendance for a pupil shall not exceed the pupil's full or fractional
2 membership.

3 (f) For homebound or hospitalized, a full day of attendance may be
4 counted for each day during a week in which the student receives at least
5 four hours of instruction.

6 (g) For school districts which maintain school for an approved
7 year-round school year operation, attendance shall be based on a computation,
8 as prescribed by the superintendent of public instruction, of the one hundred
9 eighty days' equivalency or two hundred days' equivalency, as applicable, of
10 instructional time as approved by the superintendent of public instruction
11 during which each pupil is enrolled.

12 7. "Daily route mileage" means the sum of:

13 (a) The total number of miles driven daily by all buses of a school
14 district while transporting eligible students from their residence to the
15 school of attendance and from the school of attendance to their residence on
16 scheduled routes approved by the superintendent of public instruction.

17 (b) The total number of miles driven daily on routes approved by the
18 superintendent of public instruction for which a private party, a political
19 subdivision or a common or a contract carrier is reimbursed for bringing an
20 eligible student from the place of his residence to a school transportation
21 pickup point or to the school of attendance and from the school
22 transportation scheduled return point or from the school of attendance to his
23 residence. Daily route mileage includes the total number of miles necessary
24 to drive to transport eligible students from and to their residence as
25 provided in this paragraph.

26 8. "District support level" means the base support level plus the
27 transportation support level.

28 9. "Eligible students" means:

29 (a) Students who are transported by or for a school district and who
30 qualify as full-time students or fractional students, except students for
31 whom transportation is paid by another school district or a county school
32 superintendent, and:

33 (i) For common school students, whose place of actual residence within
34 the school district is more than one mile from the school facility of
35 attendance or students who are admitted pursuant to section 15-816.01 and who
36 meet the economic eligibility requirements established under the national
37 school lunch and child nutrition acts (42 United States Code sections 1751
38 through 1785) for free or reduced price lunches and whose actual place of
39 residence outside the school district boundaries is more than one mile from
40 the school facility of attendance.

41 (ii) For high school students, whose place of actual residence within
42 the school district is more than one and one-half miles from the school
43 facility of attendance or students who are admitted pursuant to section
44 15-816.01 and who meet the economic eligibility requirements established
45 under the national school lunch and child nutrition acts (42 United States

1 Code sections 1751 through 1785) for free or reduced price lunches and whose
2 actual place of residence outside the school district boundaries is more than
3 one and one-half miles from the school facility of attendance.

4 (b) Kindergarten students, for purposes of computing the number of
5 eligible students under subdivision (a), item (i) of this paragraph, shall be
6 counted as full-time students, notwithstanding any other provision of law.

7 (c) Children with disabilities, as defined by section 15-761, who are
8 transported by or for the school district or who are admitted pursuant to
9 chapter 8, article 1.1 of this title and who qualify as full-time students or
10 fractional students regardless of location or residence within the school
11 district or children with disabilities whose transportation is required by
12 the pupil's individualized education program.

13 (d) Students whose residence is outside the school district and who
14 are transported within the school district on the same basis as students who
15 reside in the school district.

16 10. "Enrolled" or "enrollment" means when a pupil is currently
17 registered in the school district.

18 11. "GDP price deflator" means the average of the four implicit price
19 deflators for the gross domestic product reported by the United States
20 department of commerce for the four quarters of the calendar year.

21 12. "High school district" means a political subdivision of this state
22 offering instruction to students for grades nine through twelve or that
23 portion of the budget of a common school district which is allocated to
24 teaching high school subjects with permission of the state board of
25 education.

26 13. "Revenue control limit" means the base revenue control limit plus
27 the transportation revenue control limit.

28 14. "Student count" means average daily membership as prescribed in
29 this subsection for the fiscal year prior to the current year, except that
30 for the purpose of budget preparation student count means average daily
31 membership as prescribed in this subsection for the current year.

32 15. "Submit electronically" means submitted in a format and in a manner
33 prescribed by the department of education.

34 16. "Total bus mileage" means the total number of miles driven by all
35 buses of a school district during the school year.

36 17. "Total students transported" means all eligible students
37 transported from their place of residence to a school transportation pickup
38 point or to the school of attendance and from the school of attendance or
39 from the school transportation scheduled return point to their place of
40 residence.

41 18. "Unified school district" means a political subdivision of the
42 state offering instruction to students in programs for preschool children
43 with disabilities and kindergarten programs and grades one through twelve.

44 B. In this title, unless the context otherwise requires:

1 1. "Base" means the revenue level per student count specified by the
2 legislature.

3 2. "Base level" means:

4 (a) For fiscal year 2004-2005, two thousand eight hundred ninety-three
5 dollars eighteen cents.

6 (b) For fiscal year 2005-2006, three thousand one dollars.

7 (c) FOR FISCAL YEAR 2006-2007, THREE THOUSAND NINETY DOLLARS FIFTY-SIX
8 CENTS.

9 3. "Base revenue control limit" means the base revenue control limit
10 computed as provided in section 15-944.

11 4. "Base support level" means the base support level as provided in
12 section 15-943.

13 5. "Certified teacher" means a person who is certified as a teacher
14 pursuant to the rules adopted by the state board of education, who renders
15 direct and personal services to school children in the form of instruction
16 related to the school district's educational course of study and who is paid
17 from the maintenance and operation section of the budget.

18 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
19 emotional disabilities, mild mental retardation, a specific learning
20 disability, a speech/language impairment and other health impairments.

21 7. "ED-P" means programs for children with emotional disabilities who
22 are enrolled in private special education programs as prescribed in section
23 15-765, subsection D, paragraph 1 or in an intensive school district program
24 as provided in section 15-765, subsection D, paragraph 2.

25 8. "ELL" means English learners who do not speak English or whose
26 native language is not English, who are not currently able to perform
27 ordinary classroom work in English and who are enrolled in an English
28 language education program pursuant to sections 15-751, 15-752 and 15-753.

29 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
30 means for a certified teacher the following:

31 (a) If employed full time as defined in section 15-501, 1.00.

32 (b) If employed less than full time, multiply 1.00 by the percentage
33 of a full school day, or its equivalent, or a full class load, or its
34 equivalent, for which the teacher is employed as determined by the governing
35 board.

36 10. "Group A" means educational programs for career exploration, a
37 specific learning disability, an emotional disability, mild mental
38 retardation, remedial education, a speech/language impairment, homebound,
39 bilingual, preschool moderate delay, preschool speech/language delay, other
40 health impairments and gifted pupils.

41 11. "Group B" means educational improvements for pupils in kindergarten
42 programs and grades one through three, educational programs for autism, a
43 hearing impairment, moderate mental retardation, multiple disabilities,
44 multiple disabilities with severe sensory impairment, orthopedic impairments,
45 preschool severe delay, severe mental retardation and emotional disabilities

1 for school age pupils enrolled in private special education programs or in
2 school district programs for children with severe disabilities or visual
3 impairment and English learners enrolled in a program to promote English
4 language proficiency pursuant to section 15-752.

5 12. "HI" means programs for pupils with hearing impairment.

6 13. "Homebound" or "hospitalized" means a pupil who is capable of
7 profiting from academic instruction but is unable to attend school due to
8 illness, disease, accident or other health conditions, who has been examined
9 by a competent medical doctor and who is certified by that doctor as being
10 unable to attend regular classes for a period of not less than three school
11 months or a pupil who is capable of profiting from academic instruction but
12 is unable to attend school regularly due to chronic or acute health problems,
13 who has been examined by a competent medical doctor and who is certified by
14 that doctor as being unable to attend regular classes for intermittent
15 periods of time totaling three school months during a school year. The
16 medical certification shall state the general medical condition, such as
17 illness, disease or chronic health condition, that is the reason that the
18 pupil is unable to attend school. Homebound or hospitalized includes a
19 student who is unable to attend school for a period of less than three months
20 due to a pregnancy if a competent medical doctor, after an examination,
21 certifies that the student is unable to attend regular classes due to risk to
22 the pregnancy or to the student's health.

23 14. "K-3" means kindergarten programs and grades one through three.

24 15. "MD-R, A-R and SMR-R" means resource programs for pupils with
25 multiple disabilities, autism and severe mental retardation.

26 16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
27 with multiple disabilities, autism and severe mental retardation.

28 17. "MDSSI" means a program for pupils with multiple disabilities with
29 severe sensory impairment.

30 18. "MOMR" means programs for pupils with moderate mental retardation.

31 19. "OI-R" means a resource program for pupils with orthopedic
32 impairments.

33 20. "OI-SC" means a self-contained program for pupils with orthopedic
34 impairments.

35 21. "PSD" means preschool programs for children with disabilities as
36 provided in section 15-771.

37 22. "P-SD" means programs for children who meet the definition of
38 preschool severe delay as provided in section 15-771.

39 23. "Qualifying tax rate" means the qualifying tax rate specified in
40 section 15-971 applied to the assessed valuation used for primary property
41 taxes.

42 24. "Small isolated school district" means a school district which
43 meets all of the following:

44 (a) Has a student count of fewer than six hundred in kindergarten
45 programs and grades one through eight or grades nine through twelve.

1 (b) Contains no school which is fewer than thirty miles by the most
2 reasonable route from another school, or, if road conditions and terrain make
3 the driving slow or hazardous, fifteen miles from another school which
4 teaches one or more of the same grades and is operated by another school
5 district in this state.

6 (c) Is designated as a small isolated school district by the
7 superintendent of public instruction.

8 25. "Small school district" means a school district which meets all of
9 the following:

10 (a) Has a student count of fewer than six hundred in kindergarten
11 programs and grades one through eight or grades nine through twelve.

12 (b) Contains at least one school which is fewer than thirty miles by
13 the most reasonable route from another school which teaches one or more of
14 the same grades and is operated by another school district in this state.

15 (c) Is designated as a small school district by the superintendent of
16 public instruction.

17 26. "Transportation revenue control limit" means the transportation
18 revenue control limit computed as prescribed in section 15-946.

19 27. "Transportation support level" means the support level for pupil
20 transportation operating expenses as provided in section 15-945.

21 28. "VI" means programs for pupils with visual impairments.

22 29. "Voc. Ed." means career and technical education and vocational
23 education programs, as defined in section 15-781.

24 Sec. 4. Section 15-901.02, Arizona Revised Statutes, is amended to
25 read:

26 15-901.02. Voluntary full-day kindergarten instruction

27 A. A school DISTRICT or charter school ~~that is provided and accepts~~
28 ~~monies pursuant to this section for full-day kindergarten shall~~ MAY offer
29 full-day kindergarten instruction to ~~all~~ pupils who meet the enrollment
30 requirements for kindergarten programs. Parents of pupils who meet the
31 enrollment requirements for voluntary kindergarten programs in a school
32 DISTRICT or charter school that ~~is required to provide~~ OFFERS full-day
33 kindergarten instruction ~~shall~~ MAY choose either half-day kindergarten
34 instruction or full-day kindergarten instruction.

35 B. The legislature shall develop a plan, including capital monies, to
36 provide statewide full-day kindergarten instruction by fiscal year 2009-2010.

37 C. THE LEGISLATURE'S PLAN TO PROVIDE FUNDING FOR STATEWIDE VOLUNTARY
38 FULL-DAY KINDERGARTEN INSTRUCTION BEGINNING IN FISCAL YEAR 2006-2007 IS TO
39 INCREASE THE K-3 GROUP B WEIGHT AS PROVIDED IN SECTION 15-943 AND DISTRIBUTED
40 PURSUANT TO SECTION 15-973. SCHOOL DISTRICTS AND CHARTER SCHOOLS MAY CHOOSE
41 TO USE THE INCREASED FUNDING TO OFFER VOLUNTARY FULL-DAY KINDERGARTEN
42 INSTRUCTION. IF A SCHOOL DISTRICT OR CHARTER SCHOOL CHOOSES TO OFFER
43 VOLUNTARY FULL-DAY KINDERGARTEN INSTRUCTION, ANY NECESSARY CAPITAL MONIES
44 NEEDED TO IMPLEMENT VOLUNTARY FULL-DAY KINDERGARTEN INSTRUCTION SHALL BE
45 PROVIDED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL.

1 ~~C. The school district or charter school shall receive monies for~~
2 ~~full-day kindergarten pursuant to this section for each pupil who attends~~
3 ~~kindergarten instruction.~~

4 ~~D. The full-day kindergarten fund is established consisting of monies~~
5 ~~appropriated to the department of education for this purpose. The department~~
6 ~~of education shall administer the fund. If there are insufficient monies~~
7 ~~available in the fund to provide full funding pursuant to this section, the~~
8 ~~department of education shall prorate the amount per pupil distributed to~~
9 ~~each school district and charter school that is eligible to receive monies~~
10 ~~from the fund. The amount budgeted by the school district or charter school~~
11 ~~pursuant to this section shall not be included in the allowable budget~~
12 ~~balance carryforward calculated pursuant to section 15-943.01. The full-day~~
13 ~~kindergarten fund terminates on July 1, 2009, and any unencumbered monies~~
14 ~~remaining in the fund on that date shall be transferred to the state general~~
15 ~~fund.~~

16 ~~E. Monies in the full-day kindergarten fund are continuously~~
17 ~~appropriated and are exempt from the provisions of section 35-190 relating to~~
18 ~~lapsing of appropriations, and the allocation to each charter school and~~
19 ~~school district for a fiscal year shall equal the per pupil amount~~
20 ~~established in this section for the fiscal year multiplied by the weighted~~
21 ~~student count for the school district or charter school for the fiscal year~~
22 ~~pursuant to section 15-943, paragraph 2, subdivision (a). For the purposes~~
23 ~~of this subsection, the weighted student count for a school district that~~
24 ~~serves as the district of attendance for nonresident pupils shall be~~
25 ~~increased to include nonresident pupils who attend school in the school~~
26 ~~district.~~

27 ~~F. Monies distributed from the full-day kindergarten fund shall be~~
28 ~~spent only for full-day kindergarten instruction.~~

29 ~~G. School districts and charter schools that receive monies from the~~
30 ~~full-day kindergarten fund shall submit a report to the superintendent of~~
31 ~~public instruction on a per school basis that provides an accounting of the~~
32 ~~expenditures of monies distributed from the fund during the school year, a~~
33 ~~description of any professional development required under this section,~~
34 ~~class-size and any district class-size policies, data collected from state or~~
35 ~~district assessments of kindergarten pupils in both full-day and half-day~~
36 ~~programs, the number of pupils, the number of pupils not served and the~~
37 ~~reasons those pupils were not served and other information determined by the~~
38 ~~department of education and the office of the auditor general. The~~
39 ~~department of education in conjunction with the auditor general shall~~
40 ~~prescribe the format and due date of the report required under this~~
41 ~~subsection.~~

42 ~~H. School districts and charter schools that receive monies from the~~
43 ~~full-day kindergarten fund shall receive these monies monthly in an amount~~
44 ~~not to exceed one-twelfth of the monies estimated pursuant to subsection C of~~
45 ~~this section, except that if there are insufficient monies in the fund that~~

1 ~~month to make payments, the distribution for that month shall be prorated for~~
2 ~~each school district or charter school. The department of education may make~~
3 ~~an additional payment in the current month for any prior month or months in~~
4 ~~which school districts or charter schools received a prorated payment if~~
5 ~~there are sufficient monies in the fund that month for the additional~~
6 ~~payments. The state is not required to make payments to a school district or~~
7 ~~charter school full day kindergarten fund if the monies in the state full day~~
8 ~~kindergarten fund are insufficient to meet the estimated allocations to~~
9 ~~school districts and charter schools pursuant to subsection C of this~~
10 ~~section.~~

11 ~~I. The Arizona state schools for the deaf and the blind shall receive~~
12 ~~monies from the full day kindergarten fund in the same manner as school~~
13 ~~districts and charter schools. The Arizona state schools for the deaf and~~
14 ~~the blind are subject to this section in the same manner as school districts~~
15 ~~and charter schools.~~

16 ~~J. Each school district and charter school shall establish a local~~
17 ~~level full day kindergarten fund to receive allocations from the state level~~
18 ~~full day kindergarten fund. The local level full day kindergarten fund shall~~
19 ~~be a budgetary controlled account. Interest charges for any registered~~
20 ~~warrants for the local level full day kindergarten fund shall be a charge~~
21 ~~against the local level full day kindergarten fund. Interest earned on~~
22 ~~monies in the local level full day kindergarten fund shall be added to the~~
23 ~~local level full day kindergarten fund. This state shall not be required to~~
24 ~~make payments to a school district or charter school local level full day~~
25 ~~kindergarten fund that are in addition to monies appropriated to the state~~
26 ~~level full day kindergarten fund.~~

27 ~~K. If the state board of education, the department of education, the~~
28 ~~auditor general or the attorney general determines that a school district is~~
29 ~~substantially and deliberately not in compliance with this title, and if the~~
30 ~~school district has failed to correct the deficiency within ninety days after~~
31 ~~receiving notice from the department of education, the state board of~~
32 ~~education may direct the superintendent of public instruction, pursuant to~~
33 ~~state board of education rules, to withhold the monies the school district~~
34 ~~would otherwise be entitled to receive from the full day kindergarten fund~~
35 ~~from the date of the determination of noncompliance until the department of~~
36 ~~education determines that the school district is in compliance with this~~
37 ~~title.~~

38 ~~L. If the sponsor of the charter school determines at a public meeting~~
39 ~~that the charter school is not in compliance with federal law, with the laws~~
40 ~~of this state or with its charter, the sponsor of a charter school shall~~
41 ~~notify the department of education to withhold the monies that the charter~~
42 ~~school would otherwise be entitled to receive from the full day kindergarten~~
43 ~~fund. The sponsor shall provide written notice to the charter school at~~
44 ~~least seventy-two hours before the meeting and shall allow the charter school~~
45 ~~to respond to the allegations of noncompliance at the meeting before the~~

1 ~~sponsor makes a final determination to notify the department of education of~~
2 ~~noncompliance. When the sponsor determines that the charter school is in~~
3 ~~compliance, the department of education shall restore the amount of monies~~
4 ~~that the charter school is entitled to receive from the full day kindergarten~~
5 ~~fund.~~

6 ~~M. Schools are not required to offer full day kindergarten instruction~~
7 ~~to qualifying students if there is insufficient classroom space. Schools~~
8 ~~shall not accept monies from the full day kindergarten fund if space~~
9 ~~limitations result in class sizes that exceed the average class size of the~~
10 ~~district or charter school.~~

11 ~~N. All schools that accept monies from the full day kindergarten fund~~
12 ~~shall provide professional development that is directly related to the~~
13 ~~delivery of kindergarten standards in a full day program. Any school that~~
14 ~~has not yet undergone professional development for implementation of the~~
15 ~~delivery of a research-based reading curriculum as prescribed in section~~
16 ~~15-704 may not receive money from the full day kindergarten fund until this~~
17 ~~training has been received by the kindergarten instructors on staff.~~

18 ~~O. For any school district that funds voluntary full day kindergarten~~
19 ~~instruction with monies from a desegregation levy or a special budget~~
20 ~~override pursuant to section 15-482 and that qualifies for monies from the~~
21 ~~full day kindergarten fund and if the desegregation monies or special budget~~
22 ~~override monies are used solely to provide full day kindergarten instruction,~~
23 ~~the governing board shall hold a public meeting to determine the reallocation~~
24 ~~of those monies to other programs or whether those monies shall be used to~~
25 ~~reduce the school district's primary or secondary property tax levy, or both.~~

26 ~~P. The department of education shall conduct a comprehensive review of~~
27 ~~the existing research on full day kindergarten instruction, including~~
28 ~~academic literature, academic studies and research and reviews conducted by~~
29 ~~public and private institutions on full day kindergarten instruction. The~~
30 ~~department shall consider research that provides support for full day~~
31 ~~kindergarten and research that does not provide support for full day~~
32 ~~kindergarten. The review conducted by the department of education shall~~
33 ~~emphasize longitudinal studies that assess the long term academic impact of~~
34 ~~full day kindergarten instruction. The department shall submit a report that~~
35 ~~summarizes the department's findings and conclusions to the governor, the~~
36 ~~president of the senate, the speaker of the house of representatives and the~~
37 ~~joint legislative budget committee on or before December 1, 2005. The~~
38 ~~department shall provide a copy of this report to the secretary of state and~~
39 ~~the director of the Arizona state library, archives and public records.~~

40 ~~Q. Notwithstanding subsection B of this section, the legislature shall~~
41 ~~not consider the appropriation of any additional state monies for full day~~
42 ~~kindergarten instruction after the effective date of this amendment to this~~
43 ~~section until after the joint legislative budget committee has reviewed the~~
44 ~~study prescribed in subsection P of this section.~~

1 ~~R. State monies for full day kindergarten instruction shall not be~~
2 ~~provided for any pupil who is not at least five years of age before September~~
3 ~~1 of the school year in which the pupil is enrolled.~~

4 Sec. 5. Section 15-901.03, Arizona Revised Statutes, is amended to
5 read:

6 15-901.03. Transfers; review

7 Notwithstanding section 35-173, subsection C, any transfer to or from
8 the amount appropriated for basic state aid entitlement, additional state aid
9 to schools, ~~certificates of educational convenience or~~ the special education
10 fund **OR OTHER STATE AID TO DISTRICTS** line items shall require review by the
11 joint legislative budget committee.

12 Sec. 6. Section 15-910.03, Arizona Revised Statutes, is amended to
13 read:

14 15-910.03 Excess utilities; funding plan; review

15 A. Beginning July 1, 2005, each school district ~~that budgets for~~
16 ~~excess utilities~~ shall annually develop, adopt and certify a plan at the same
17 public meeting where the school district budget is proposed and adopted
18 containing the following information:

19 1. A review and summary for each fiscal year since fiscal year
20 1999-2000 that includes the expenditures for the direct operational costs of
21 each of the following that are contained within the revenue control limit and
22 of the excess utilities budget outside the revenue control limit:

- 23 (a) Heating.
- 24 (b) Cooling.
- 25 (c) Water.
- 26 (d) Electricity.
- 27 (e) Telephone communications.
- 28 (f) Sanitation fees.

29 2. A review and summary that includes the current year budget, the
30 current year estimated expenditures and the proposed budget for the direct
31 operational costs of each of the following that are contained within the
32 revenue control limit and of the excess utilities budget outside the revenue
33 control limit:

- 34 (a) Heating.
- 35 (b) Cooling.
- 36 (c) Water.
- 37 (d) Electricity.
- 38 (e) Telephone communications.
- 39 (f) Sanitation fees.

40 3. A per pupil cost for the total expenditures for the direct
41 operational costs that are contained within the revenue control limit and a
42 per pupil cost for the total expenditures for the direct operational costs
43 that are part of the excess utilities budget outside the revenue control
44 limit as prescribed in paragraphs 1 and 2.

1 4. IF THE SCHOOL DISTRICT BUDGETS FOR EXCESS UTILITIES, a review and
2 summary of specific financial goals to enable the school district to pay for
3 all utility costs within the revenue control limit on or before June 30, 2009
4 as approved by the voters of this state in the referendum designated as
5 proposition 301 at the 2000 general election.

6 5. IF THE SCHOOL DISTRICT BUDGETS FOR EXCESS UTILITIES, a review of
7 the district's plan to ensure that the school district is making progress
8 toward the achievement of the financial goals prescribed in paragraph 4.

9 B. Each school district shall annually submit a copy of the plan
10 prescribed in subsection A to the department of education on or before
11 July 18.

12 C. The department of education shall prepare and submit an annual
13 report on or before December 1 to the joint legislative budget committee
14 containing a summary of the school district plans and costs per pupil as
15 prescribed in subsection A. The department of education shall include in the
16 report a list of school districts that ~~budgeted for excess utilities but that~~
17 did not submit a plan pursuant to this section.

18 Sec. 7. Section 15-915, Arizona Revised Statutes, is amended to read:

19 15-915. Correction of state aid or budget limit errors;
20 definition

21 A. If the superintendent of public instruction determines that the
22 calculation of state aid for a school district or charter school or the
23 calculation of the school district's or charter school's budget limits within
24 the previous three years did not conform with statutory requirements, the
25 superintendent shall require correction of the errors as follows:

26 1. Corrections may be made in the current year or in the budget year,
27 except that in case of hardship to the school district, the superintendent
28 may approve corrections partly in one year and partly in the year after that
29 year.

30 2. Errors in the calculation of state aid shall be corrected by
31 increasing or decreasing the state aid to the school district or charter
32 school in the year or years in which the correction is made.

33 3. Errors in the calculation of the school district's or charter
34 school's budget limits shall be corrected at a public hearing by requiring
35 the governing board to reduce or by allowing it to increase its budget by the
36 amount of the correction to be made that year. Overbudgeting errors
37 corrected as provided in this paragraph are exempt from the provisions of
38 section 15-905, subsections L and M. Not later than three days after the
39 hearing and correction, the budget as revised shall be submitted
40 electronically to the superintendent of public instruction.

41 B. Subject to the review by the joint legislative budget committee,
42 the superintendent of public instruction shall adjust state aid for a school
43 district in the current year if the governing board of a school district
44 requests the recalculation of state aid for a prior year due to a change in

assessed valuation that occurred as the result of a judgment in accordance with section 42-16213.

C. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, A SCHOOL DISTRICT OR CHARTER SCHOOL MAY NOT MAKE UPWARD REVISIONS TO ITS AVERAGE DAILY MEMBERSHIP COUNTS FOR A PARTICULAR SCHOOL YEAR AFTER JUNE 30 OF THE SUBSEQUENT SCHOOL YEAR.

~~C.~~ D. For THE purposes of this section, "state aid":

1. For school districts means state aid as determined in section 15-971 and additional state aid as determined in section 15-972.

2. For charter schools means state aid as determined in section 15-185.

Sec. 8. Section 15-941, Arizona Revised Statutes, is amended to read:

15-941. Teacher experience index; computation; definition

A. The teacher experience index for each school district shall be computed as follows:

1. For the school district:

<u>Number of years of experience</u>		<u>Number of FTE certified teachers</u>		<u>Number of FTE years of experience of certified teachers</u>	
1	x	_____	=	_____	
2	x	_____	=	_____	
3	x	_____	=	_____	
4	x	_____	=	_____	
5	x	_____	=	_____	
6	x	_____	=	_____	
7	x	_____	=	_____	
8	x	_____	=	_____	
9	x	_____	=	_____	
10	x	_____	=	_____	
11	x	_____	=	_____	
12	x	_____	=	_____	
13	x	_____	=	_____	
14	x	_____	=	_____	
15 (or more)	x	_____	=	_____	
Total		_____		_____	
		A		B	

2. Divide total B by total A to determine the average number of FTE years of experience of FTE certified teachers in the school district.

3. For the state:

					Number of FTE years of experience of certified teachers
	<u>Number of years of experience</u>		<u>Number of FTE certified teachers</u>		<u>Number of FTE years of experience of certified teachers</u>
	1	x	_____	=	_____
	2	x	_____	=	_____
	3	x	_____	=	_____
	4	x	_____	=	_____
	5	x	_____	=	_____
	6	x	_____	=	_____
	7	x	_____	=	_____
	8	x	_____	=	_____
	9	x	_____	=	_____
	10	x	_____	=	_____
	11	x	_____	=	_____
	12	x	_____	=	_____
	13	x	_____	=	_____
	14	x	_____	=	_____
	15 (or more)	x	_____	=	_____
		Total	_____		_____
			C		D

4. Divide total D by total C to determine the average number of FTE years of experience of FTE certified teachers in the state.

5. Subtract the quotient obtained in paragraph 4 ~~of this subsection~~ from the quotient obtained in paragraph 2 ~~of this subsection~~ and multiply the remainder by 0.0225.

6. Add 1.00 to the product obtained in paragraph 5 ~~of this subsection~~.

B. Librarians, guidance counselors, curriculum coordinators and other personnel who do not conduct regularly scheduled classes shall not be included as certified teachers and shall be coded separately from certified teachers in the uniform system of financial records.

C. Each school district shall on or before October 15 submit to the superintendent of public instruction in electronic format the data prescribed in subsection A, paragraphs 1 and 2 for the current year. The superintendent of public instruction shall use the data to compute the teacher experience index of each school district for the budget year.

D. The superintendent of public instruction shall on or before March 15 notify each school district of its teacher experience index for the budget year. BETWEEN MARCH 15 AND APRIL 15, A SCHOOL DISTRICT MAY SUBMIT CORRECTIONS TO DATA THAT IT SUBMITTED PURSUANT TO SUBSECTION C AND THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ON OR BEFORE APRIL 15 RECOMPUTE THE TEACHER EXPERIENCE INDEX FOR THE DISTRICT FOR THE BUDGET YEAR USING THE

CORRECTED DATA. THE TEACHER EXPERIENCE INDEX FOR A SCHOOL DISTRICT THAT DOES NOT SUBMIT DATA CORRECTIONS BETWEEN MARCH 15 AND APRIL 15 SHALL BE THE TEACHER EXPERIENCE INDEX COMPUTED FOR THE DISTRICT BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION ON OR BEFORE MARCH 15. A SCHOOL DISTRICT THAT SUBMITS DATA CORRECTIONS PURSUANT TO THIS SUBSECTION SHALL SUBMIT A LETTER EXPLAINING THE NEED FOR THE CORRECTIONS TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE CHAIRMAN OF THE JOINT LEGISLATIVE BUDGET COMMITTEE. The teacher experience index for the budget year shall not be recalculated after ~~March~~ ~~APRIL~~ 15 unless the superintendent of public instruction determines that the school district has submitted data resulting in an overstatement of the teacher experience index for the budget year.

E. For the purposes of this section, "number of years of experience" means the number of years of classroom instruction conducted by a certified teacher in the school district in which the certified teacher is currently employed, including the number of years of experience of the certified teacher granted by the school district for the certified teacher on the district's salary schedule for experience outside of the school district.

Sec. 9. Section 15-943, Arizona Revised Statutes, is amended to read:
15-943. Base support level

The base support level for each school district shall be computed as follows:

1. The following support level weights shall be used in paragraph 2, subdivision (a) for the following school districts:

(a) For school districts whose student count in kindergarten programs and grades one through eight is classified in column 1 of this subdivision, the support level weight for kindergarten programs and grades one through eight is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
<u>Student Count</u>	<u>Support Level Weight For Small Isolated School Districts</u>	<u>Support Level Weight For Small School Districts</u>
1-99	1.559	1.399
100-499	$1.358 + [0.0005 \times (500 - \text{student count})]$	$1.278 + [0.0003 \times (500 - \text{student count})]$
500-599	$1.158 + [0.002 \times (600 - \text{student count})]$	$1.158 + [0.0012 \times (600 - \text{student count})]$

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight	Support Level Weight
	For Small Isolated	For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.669	1.559
100-499	$1.468 + [0.0005 \times (500 - \text{student count})]$	$1.398 + [0.0004 \times (500 - \text{student count})]$
500-599	$1.268 + [0.002 \times (600 - \text{student count})]$	$1.268 + [0.0013 \times (600 - \text{student count})]$

2. Subject to paragraph 1, determine the weighted student count as follows:

(a)

<u>Grade Base</u>	<u>Group A</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
PSD 1.000 + 0.450 = 1.450	x			
K-8 1.000 + 0.158 = 1.158	x			
9-12 1.163 + 0.105 = 1.268	x			
	Subtotal	A		

(b)

<u>Funding Category</u>	<u>Support Level Weight</u>	<u>Student Count</u>	<u>Weighted Student Count</u>
HI	4.771 x		
K-3	0.060 0.210 x		
ELL	0.115 x		
MD-R, A-R and SMR-R	6.024 x		
MD-SC, A-SC and SMR-SC	5.833 x		
MD-SSI	6.531 x		
OI-R	3.158 x		
OI-SC	5.576 x		
P-SD	3.595 x		
ED, MIMR, SLD, SLI and OHI	0.003 x		
ED-P	4.647 x		
MOMR	4.421 x		
VI	4.806 x		
	Subtotal	B	

(c) Total of subtotals A and B: _____

3. Multiply the total determined in paragraph 2 by the base level.

4. Multiply the teacher experience index of the district or 1.00, whichever is greater, by the product obtained in paragraph 3.

Sec. 10. Section 15-945, Arizona Revised Statutes, is amended to read:
15-945. Transportation support level

A. The support level for to and from school for each school district for the current year shall be computed as follows:

1. Determine the approved daily route mileage of the school district for the fiscal year prior to the current year.

2. Multiply the figure obtained in paragraph 1 of this subsection by one hundred seventy-five.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

Column 1

Column 2

Approved Daily Route
Mileage per Eligible

State Support Level per
Route Mile for

Student Transported

Fiscal Year ~~2005-2006~~ 2006-2007

0.5 or less

~~\$2.15~~ \$2.19

More than 0.5 through 1.0

~~\$1.74~~ \$1.77

More than 1.0

~~\$2.15~~ \$2.19

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

Column 1

Column 2

Column 3

Column 4

Approved Daily Route
Mileage per Eligible

District Type

District Type

District Type

Student Transported

02 or 03

04

05

0.5 or less

0.15

0.10

0.25

More than 0.5 through 1.0

0.15

0.10

0.25

More than 1.0

0.18

0.12

0.30

1 For the purposes of this paragraph, "district type 02" means a unified school
2 district or an accommodation school that offers instruction in grades nine
3 through twelve, "district type 03" means a common school district not within
4 a high school district, "district type 04" means a common school district
5 within a high school district or an accommodation school that does not offer
6 instruction in grades nine through twelve and "district type 05" means a high
7 school district.

8 C. The support level for extended school year ~~programs~~ SERVICES for
9 pupils with disabilities is computed as follows:

10 1. Determine the sum of the following:

11 (a) The total number of miles driven by all buses of a school district
12 while transporting eligible pupils with disabilities on scheduled routes from
13 their residence to the school of attendance and from the school of attendance
14 to their residence on routes for ~~an~~ extended school year ~~program~~ SERVICES in
15 accordance with section 15-881.

16 (b) The total number of miles driven on routes approved by the
17 superintendent of public instruction for which a private party, a political
18 subdivision or a common or a contract carrier is reimbursed for bringing an
19 eligible pupil with a disability from the place of the pupil's residence to a
20 school transportation pickup point or to the school facility of attendance
21 and from the school transportation scheduled return point or from the school
22 facility to the pupil's residence for ~~an~~ extended school year ~~program~~
23 SERVICES in accordance with section 15-881.

24 2. Multiply the sum determined in paragraph 1 of this subsection by
25 the state support level for the district determined as provided in subsection
26 A, paragraph 5 of this section.

27 D. The transportation support level for each school district for the
28 current year is the sum of the support level for to and from school as
29 determined in subsection A of this section, ~~and~~ the support level for
30 academic education, career and technical education, vocational education and
31 athletic trips as determined in subsection B of this section and the support
32 level for extended school year ~~programs~~ SERVICES for pupils with disabilities
33 as determined in subsection C of this section.

34 E. The state support level for each approved route mile, as provided
35 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
36 rate prescribed by law, subject to appropriation.

37 Sec. 11. Calculation of instructional days for fiscal year
38 2006-2007

39 Notwithstanding any other law, for fiscal year 2006-2007, the term "one
40 hundred eighty days" in section 15-341.01, Arizona Revised Statutes, means
41 one hundred eighty days of instruction or an equivalent number of minutes of
42 instruction per school year based on a different number of days of
43 instruction approved by the school district governing board.

1 Sec. 12. Reduction in school district state aid apportionment:
2 fiscal year 2006-2007

3 A. Notwithstanding section 15-973, subsection B, paragraph 10, Arizona
4 Revised Statutes, the state board of education shall defer, until July 1,
5 2007, \$191,000,000 of the basic state aid and additional state aid payment
6 that otherwise would be apportioned to school districts under that law on
7 June 15, 2007.

8 B. The funding deferral required by this section does not apply to
9 charter schools.

10 Sec. 13. Appropriations; school districts; disbursements

11 A. The sum of \$191,000,000 is appropriated in fiscal year 2007-2008
12 from the state general fund to the state board of education and the
13 superintendent of public instruction for basic state aid and additional state
14 aid entitlement for fiscal year 2007-2008. This appropriation shall be
15 disbursed on July 1, 2007 to the several counties for the school districts in
16 each county in amounts equal to the reductions in apportionment of basic
17 state aid and additional state aid that are required pursuant to section 12
18 of this act for fiscal year 2006-2007.

19 B. The sum of \$293,800 is appropriated in fiscal year 2007-2008 from
20 the state general fund to the state board of education and the superintendent
21 of public instruction for any costs to school districts that may be
22 associated with the reductions in apportionment of basic state aid and
23 additional state aid for fiscal year 2006-2007 that are required pursuant to
24 section 12 of this act. This appropriation shall be disbursed on July 1,
25 2007 to the several counties for the school districts in each county and
26 shall be allocated based on the per cent of the total \$191,000,000 deferred
27 payment for fiscal year 2006-2007 that is attributable to each individual
28 school district.

29 C. Notwithstanding any other provision of law, for fiscal year
30 2007-2008, if the governing board of a school district incurred interest
31 expenses for registering warrants in fiscal year 2006-2007 pursuant to
32 section 12 of this act, the governing board may budget an estimated amount
33 for those interest expenses. Any such amount is specifically exempt from the
34 revenue control limit in fiscal year 2007-2008. If the budgeted estimate
35 amount is greater than the amount received pursuant to subsection B of this
36 section, the governing board shall not expend more than the amount received
37 pursuant to subsection B of this section. If the budgeted estimate amount is
38 less than the amount received pursuant to subsection B of this section, the
39 governing board may revise its budget during fiscal year 2007-2008 to include
40 the actual amount received pursuant to subsection B of this section and shall
41 not expend more than the amount received pursuant to subsection B of this
42 section.

43 Sec. 14. Appropriation; K-3 group B weight adjustment

44 The sum of \$143,050,000 is appropriated from the state general fund in
45 fiscal year 2006-2007 to the department of education for basic state aid to

1 increase the K-3 group B weight established in section 15-943, paragraph 2,
2 Arizona Revised Statutes, as amended by this act, and increased from 0.060 in
3 fiscal year 2005-2006 to 0.210 beginning in fiscal year 2006-2007.

4 Sec. 15. Desegregation budget; limit

5 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
6 amount that a school district may budget for desegregation activities for
7 fiscal year 2006-2007 shall be computed as follows:

8 1. Determine the amount that the district budgeted for desegregation
9 activities for fiscal year 2005-2006 pursuant to Laws 2005, chapter 329,
10 section 12.

11 2. Compute the percentage increase in average daily membership for the
12 district, as defined in section 15-901, Arizona Revised Statutes, for the
13 2005-2006 school year above the 2004-2005 school year. If average daily
14 membership for the district decreased for the 2005-2006 school year below the
15 2004-2005 school year, assume a per cent increase of zero.

16 3. Multiply the amount determined in paragraph 1 of this section by
17 the percentage determined in paragraph 2 of this section.

18 4. Multiply the amount determined in paragraph 1 of this section by
19 two per cent for assumed inflation.

20 5. Add the amounts determined in paragraphs 1, 3 and 4 of this
21 section.

22 Sec. 16. Adjustment for rapid decline in student count for
23 fiscal year 2006-2007

24 Notwithstanding section 15-942, Arizona Revised Statutes, for fiscal
25 year 2006-2007, the department of education shall reduce by fifty per cent
26 the amount of rapid decline funding that a school district would otherwise be
27 eligible to receive pursuant to section 15-942, subsections A through F,
28 Arizona Revised Statutes.

29 Sec. 17. Joint technological education districts; basic state
30 aid cap; fiscal year 2006-2007

31 Notwithstanding section 15-971, Arizona Revised Statutes, or any other
32 law, the maximum amount of state aid for equalization assistance for
33 education that may be apportioned to a joint technological education district
34 for fiscal year 2006-2007 is one hundred two per cent of the amount that was
35 apportioned to it for fiscal year 2005-2006 apart from any prior year
36 adjustments or double the amount of its qualifying tax rate revenues for
37 fiscal year 2006-2007, whichever is greater.

38 Sec. 18. Joint technological education districts; property tax
39 rate cap; fiscal year 2006-2007

40 Notwithstanding section 15-971, Arizona Revised Statutes, or any other
41 law, the total property tax rate that a joint technological education
42 district levies for fiscal year 2006-2007 shall not exceed the total property
43 tax rate that it levied for fiscal year 2004-2005.

1 Sec. 19. Temporary prohibition on joining or forming joint
2 technological education districts

3 A. Notwithstanding sections 15-392 and 15-395, Arizona Revised
4 Statutes, during fiscal year 2006-2007 school districts shall not be allowed
5 to:

- 6 1. Form any new joint technological education district.
7 2. Join or vote to join a joint technological education district.

8 B. Subsection A of this section does not apply to a county with a
9 population of more than eight hundred thousand persons but less than one
10 million five hundred thousand persons.

11 Sec. 20. Audits; average daily membership

12 For fiscal year 2006-2007, the department of education or the office of
13 the auditor general may conduct financial, program or compliance audits,
14 including average daily membership audits, of school districts and charter
15 schools.

16 Sec. 21. Teacher experience index; recalculation; exemption

17 Notwithstanding section 15-941, subsection D, Arizona Revised Statutes,
18 as amended by this act, the teacher experience index for a school district
19 for fiscal year 2006-2007 may be recalculated after April 15, 2006 if the
20 school district reported a total attending average daily membership count of
21 more than five thousand one hundred pupils and less than five thousand two
22 hundred pupils for the 2004-2005 school year in the annual report of the
23 superintendent of public instruction for fiscal year 2004-2005. The teacher
24 experience index calculated for all other school districts on or before March
25 15, 2006 shall be used in the calculation of their base support level for
26 fiscal year 2006-2007.

27 Sec. 22. Appropriation: Hayden-Winkelman unified school
28 district; repayment schedule and terms

29 A. Notwithstanding section 15-2084, Arizona Revised Statutes, the sum
30 of \$1,865,400 is appropriated from the school improvement revenue bond debt
31 service fund for fiscal year 2006-2007 to the department of education for
32 distribution to Hayden-Winkelman unified school district No. 41. The
33 district shall use the monies solely for the purpose of redeeming its
34 outstanding series 1995 capital appreciation bonds.

35 B. The district shall levy a tax on the secondary assessment roll to
36 repay the amount appropriated by this section in three annual installments of
37 principal and simple interest at the rate of four per cent per year on July
38 1, 2008, July 1, 2009 and July 1, 2010, but not more than a total sum of
39 \$696,500 each year. The payments shall be credited to the school improvement
40 revenue bond debt service fund established pursuant to section 15-2084,
41 Arizona Revised Statutes.

42 C. Notwithstanding any other law, through July 1, 2015 the district
43 shall reduce its primary property tax rate each year to fully reflect any
44 reduction in the qualifying tax rate required by section 41-1276, Arizona
45 Revised Statutes, and shall not propose or conduct any election to approve:

1 1. Any budget override.
2 2. Any authorization to issue bonds or incur any other form of
3 district indebtedness.
4 Sec. 23. Appropriation; basic state aid; conditional repeal
5 A. An additional \$71,406,100 is appropriated to the department of
6 education for basic state aid for fiscal year 2006-2007.
7 B. If the county equalization assistance for education rate used by
8 the department of education to determine equalization assistance payments for
9 fiscal year 2006-2007 pursuant to section 15-971, Arizona Revised Statutes,
10 is greater than \$0.2800, the appropriation provide by subsection A of this
11 section is repealed.
12 Sec. 24. Conditional appropriation; conditional repeal; notice
13 A. State general fund revenue for fiscal year 2005-2006, not including
14 the beginning balance and including one-time revenues, is forecasted to be
15 \$8,878,726,500. The state general fund revenue forecast for fiscal year
16 2005-2006 includes \$10,000,000 from the transfer of in lieu vehicle
17 inspection fees as part of one-time revenue and \$108,004,400 for
18 disproportionate share revenue. The staff director of the joint legislative
19 budget committee and the governor's office of strategic planning and
20 budgeting may adjust the state general fund revenue forecast for fiscal year
21 2005-2006 to reflect changes in the actual amount of in lieu fee transfers
22 and disproportionate share revenue.
23 B. On or before August 31, 2006, the staff director of the joint
24 legislative budget committee and the governor's office of strategic planning
25 and budgeting shall jointly notify the governor, the president of the senate
26 and the speaker of the house of representatives whether the total fiscal year
27 2005-2006 state general fund revenue, excluding the beginning balance,
28 exceeded the fiscal year 2005-2006 forecast, and, if so, the total revenue
29 amount and the amount above the forecast.
30 C. If, as determined by the staff director of the joint legislative
31 budget committee and the governor's office of strategic planning and
32 budgeting, the actual state general fund revenue from fiscal year 2005-2006
33 exceeds the forecast by \$191,000,000 or more, an additional \$191,000,000 is
34 appropriated from the state general fund to the department of education for
35 basic state aid for fiscal year 2006-2007 and sections 12 and 13 of this act,
36 relating to school district state aid apportionment, are repealed on the
37 later of the following if the director of the joint legislative budget
38 committee notifies in writing the director of legislative council that the
39 condition has been met:
40 1. The effective date of this act.
41 2. The date the director of the legislative council receives the
42 notice.
43 Sec. 25. Retroactivity
44 Section 18 of this act, relating to property tax rate caps, is
45 effective retroactively to from and after June 30, 2006.